

Message Text

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44

ACTION EUR-25

INFO OCT-01 AF-10 ARA-16 ISO-00 OMB-01 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SPC-03 SS-15 USIA-15 ACDA-19 IO-13 EB-11

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R 191000Z SEP 73

FM AMEMBASSY LISBON

TO SECSTATE 8486

INFO AMCONSUL OPORTO

AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

AMEMBASSY BRASILIA

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E.O. 11652: N/A

TAGS: EGEN, PINR, MZ, PO

SUBJECT: CHAMPALIMAUD EXILE DUE TO END

REF: LISBON'S A-22 OF FEBRUARY 25, 1971; LOURENCO MARQUES 0586

1. SUMMARY: PORTUGAL'S NUMBER ONE TYCOON, ANTONIO CHAMPALIMAUD, REPORTEDLY HAS ENDED HIS FIVE YEAR EXILE FROM PORTUGAL, ARRIVING ON SEPTEMBER 15 DIRECTLY AT HIS RANCH IN THE INTERIOR OF THE COUNTRY. WHEN A WARRANT FOR HIS ARREST WAS RESCINDED BY AN APPEALS COURT LAST MONTH, CHAMPALIMAUD FLEW TO MOZAMBIQUE TO TEST THE POLITICAL CLIMATE FROM THE DISTANT VANTAGE POINT. HE IS NOW EXPECTED TO APPEAR PUBLICLY IN LISBON ON SEPTEMBER 19. WHAT WILL BE THE EFFECT OF HIS PRESENCE ON THE LISBON SCENE? THAT IS THE QUESTION BEING WIDELY ASKED TODAY. MOST OBSERVERS AGREE ON ONE THING: THE CHAMPALIMAUD GROUP WILL BE EVEN MORE AGGRESSIVE AND DARING WITH THE FOUNDER BACK AT THE

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HELM. END SUMMARY.

2. ACCORDING TO A WELL PLACED SOURCE IN BANCO PINTO & SOTTO MAYOR, BANK'S OWNER AND DYNAMIC BUSINESSMAN ANTONIO CHAMPALIMAUD WILL MAKE HIS FIRST PUBLIC APPEARANCE IN LISBON ON SEPTEMBER 19 AFTER A FIVE YEAR EXILE. CHAMPALIMAUD LEFT PORTUGAL IN 1968 WHEN A WARRANT WAS ISSUED FOR HIS ARREST IN CONNECTION WITH CHARGES OF EMBEZZLEMENT OF FAMILY PROPERTIES. AFTER A MARATHON TRIAL, LASTING THREE YEARS, WHICH AFFORDED THE PORTUGUESE PUBLIC WITH THE ENTERTAINMENT OF A SQUABBLE AMONG THE SUPER RICH, THESE CHARGES WERE DROPPED AND THE ARREST WARRANT RESCINDED, THEREBY CLEARING THE WAY FOR HIS HOMECOMING. WHILE CHAMPALIMAUD'S BROTHERS CLAIM THEY WILL APPEAL THEIR CASE TO PORTUGAL'S SUPREME COURT, MOST OBSERVERS BELIEVE THAT THE GOP WILL NOT LET THE LEGAL BATTLE GO ANY FURTHER.

3. MAJOR QUESTION BEING ASKED IN LOCAL BUSINESS CIRCLES IS NOT EXACT DATE OF CHAMPALIMAUD'S ARRIVAL, BUT WHAT IMPACT HIS RETURN WILL HAVE ON THE POLITICAL AND ECONOMIC LIFE OF PORTUGAL. ALARMISTS INSIST THAT HE WILL TRY TO SHAKE UP THE CAETANO GOVERNMENT IN REVENGE FOR FAVORITISM THE GOP HAS SHOWN TO CUF, PORTUGAL'S OTHER INDUSTRIAL/COMMERCIAL GIANT AND CHAMPALIMAUD'S PERSONAL AND PROFESSIONAL ENEMY. (CHAMPALIMAUD WAS MARRIED TO AND LATER SEPARATED FROM THE SISTER OF JORGE DE MELLO, CUF PRESIDENT). REPORTEDLY, CHAMPALIMAUD'S MAJOR GRIEVANCE IS THE THEFT OF HIS IDEA TO DEVELOP THE PORT OF SINES AND INSTALL HIS OWN REFINERY, PETROCHEMICAL PLANT AND OIL TERMINAL. AFTER PROPOSING THIS PLAN TO CAETANO, CHAMPALIMAUD WAS CUT OUT OF PROJECT. PRESENT PLANS CALL FOR PORT AND OIL TERMINAL TO BE ADMINISTERED BY GOP AND REFINERY AND PETROCHEMICAL COMPLEX TO BE OPERATED BY CONSORTIUM MADE UP OF GOP, CUF, AND SONAP, ONE OF PORTUGAL'S NATIONAL OIL COMPANIES.

4. ACCORDING TO ONE OF CHAMPALIMAUD'S BANK OFFICIALS, NO DIRECT REPRISALS ARE PLANNED IN CONNECTION WITH THE HOMECOMING, PRINCIPALLY BECAUSE CHAMPALIMAUD'S LIMITED OFFICIAL USE

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BITTEREST ENEMIES, FORMER MINISTER OF FINANCE AND ECONOMY DIAS ROSAS, FORMER SECRETARY OF STATE FOR INDUSTRY ROGERIO MARTINS, AND FORMER SECRETARY OF STATE FOR TREASURY COSTA ANDRE, ARE ALREADY OUT OF THE CABINET. SAME BANK SOURCE SAID CHAMPALIMAUD BELIEVES HE CAN COEXIST WITH THE PRIME MINISTER, AND HE EXPECTS TO GET FULL COOPERATION FROM PRESENT MINISTER OF FINANCE AND ECONOMY COTTA DIAS. TO ILLUSTRATE THIS

POINT, THE BANK SOURCE OBSERVED THAT AUTHORIZATIONS FOR CONSTRUCTION OF THE NEW MINI-STEEL MILL IN OPORTO AND EXPANSION OF THE SEIXAL STEEL MILL WERE GRANTED TO CHAMPALIMAUD INTEREST SHORTLY AFTER COTTA DIAS TOOK OFFICE. FORMER MINISTER DIAS ROSAS HAD BEEN SITTING ON THESE APPLICATIONS FOR TWO YEARS.

5. TO DEMONSTRATE HIS UNHAPPINESS WITH THE CAETANO GOVERNMENT IN PRACTICAL TERMS, CHAMPALIMAUD HAS INDICATED HE WILL MAKE NO NEW LARGE-SCALE CAPITAL INVESTMENTS IN PORTUGAL. INSTEAD, HE WILL CONCENTRATE HIS EFFORTS IN BRAZIL, MEXICO, FRANCE AND POSSIBLY EVEN THE UNITED STATES. CHAMPALIMAUD BELIEVES THAT PORTUGAL CANNOT ATTAIN THE GOP'S TARGET GROWTH RATE OF 7.T PERCENT WITHOUT HIS ACTIVE PARTICIPATION. THEREFORE, HE WILL CONCENTRATE ON ACTIVITIES OUTSIDE PORTUGAL UNTIL THE GOP OFFERS HIM TERMS MORE FAVORABLE THAN THOSE OFFERED CUF.

6. NEARLY ALL OBSERVERS AGREE ON ONE THING: ANTONIO CHAMPALIMAUD'S RETURN WILL ENLIVEN THE LISBON SCENE. THIS FLAMBOYANT TYCOON IS BOTH FEARED ANDADMIRE. HE LOVES SURPRISES AND HIS GRIP ON BASIC INDUSTRIES THROUGH HIS NEAR-MONOPOLIES IN STEEL AND CEMENT MAKE HIM A THREAT TO THE BALANCE OF ECONOMIC POWER. ALTHOUGH HIS ATTEMPT TO CORNER THE BANKING SECTOR WAS BLOCKED IN 1971 (SEE LISBON A22 OF FEBRUARY 25, 1971), THERE ARE RECURRING REPORTS THAT HE AND HIS ALLEGED HENCHMEN JORGE DE BRITO, OWNER OF BANCO INTERCONTINENTAL PORTUGUES, ARE STILL TRYING FOR THIS FINANCIAL COUP. JEALOUS OF CUF'S POWER AND INTENSELY PROUD OF HIS OWN ACHIEVEMENTS, ANTONIO CHAMPLALMAUD HAS CLEARED HIS NAME AND IS HEADED HOME, AND LISBON WAITS EXPECTANTLY. LIMITED OFFICIAL USE

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